

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 440 - SB 460**

April 11, 2017

**SUMMARY OF BILL:** Requires public institutions of higher education to use administrative judges from the administrative procedures division (APD) of the Secretary of State (SOS) when conducting a contested case.

**ESTIMATED FISCAL IMPACT:**

**Increase State Revenue –**

**\$342,000/FY17-18/Secretary of State**

**\$336,000/FY18-19 and Subsequent Years/Secretary of State**

**Increase State Expenditures-**

**\$342,000/FY17-18/Secretary of State**

**\$336,000/FY18-19 and Subsequent Years/Secretary of State**

**\$342,000/FY17-18/Higher Education Institutions**

**\$336,000/FY18-19 and Subsequent Years/Higher Education Institutions**

**Assumptions:**

- Based on the information provided by the SOS, the SOS would require two additional judges and one additional staff person to perform the duties of the proposed legislation.
- Based on the information provided by the SOS, the personnel cost of an additional judge is estimated to be \$144,677 (\$111,771 salary + \$27,906 benefits + \$5,000 travel reimbursements).
- The recurring increase in state expenditures for two judges is estimated to be \$289,354 (\$144,677 salary and benefits x 2 judges).
- Based on the information provided by SOS, the recurring increase in state expenditures for an additional staff member is estimated to be \$46,685 (\$34,101 salary + \$12,584 benefits).
- One-time state expenditures to the SOS in an amount estimated to be \$5,913 would be required for computer equipment for three additional employees for the first year.
- The total increase in state expenditures to the SOS in FY17-18 is estimated to be \$341,952 (\$289,354 + \$46,685 + \$5,913).
- The total recurring increase in state expenditures to the SOS beginning in FY18-19 is estimated to be \$336,039 (\$289,354 + \$46,685).

**HB 440 - SB 460**

- The institutions of higher education across both the SUS and the UT system would be required to pay for the services of the administrative judges provided by the SOS. It is assumed that the SUS and the UT system will incur combined expenditures, and that the SOS will realize hourly billing revenue sufficient for covering the costs incurred by the SOS. Therefore, the increase in state expenditures to the higher education institutions, and the increase in hourly billing revenue to the SOS, is estimated to be \$341,952 in FY17-18, and \$336,039 in FY18-19 and subsequent years, respectively.
- Based on information provided by SUS and UT, it is estimated that transferring these cases from the higher education institutions to the SOS will not result in a significant decrease in expenditures to SUS or UT as such cases are currently overseen by institutions' staff, and the reduced workload would not result in elimination of any such positions.
- State institutions will adopt such policies and procedures of this proposed legislation during the normal course of business and will have no impact to state or local government.

#### **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

/rbp